

City of Sugar Land Fiscal Year 2005 Budget

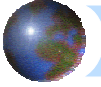
Property Tax and Debt Service Fund
Budget Workshop

August 2, 2004



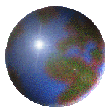
Workshop Goals

- Council consensus based on long range financial plan and goals of the City
 - ▣ Reduce tax rate to effective rate +3%
 - Reduction to come from Debt Service Tax Rate
 - ▣ Reallocation of \$0.01542 on the tax rate from Debt Service to General Fund
 - ▣ Concurrence on Increasing Over-age and Disabled Persons Exemption



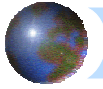
Budget Survey

- 📍 Surveyed 15 cities- July 2004
 - ▣ Cities with similar characteristics
 - Population
 - Services
 - Location (adjacent to metro area)
 - Regional Shopping Center
 - ▣ Local cities
- 📍 Received 7 surveys back
 - ▣ Survey results included in this presentation



Property Valuation Preliminary Tax Roll

Fiscal Year 2005 Budget



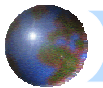
Tax Base Value Comparison

Excluding TIRZ

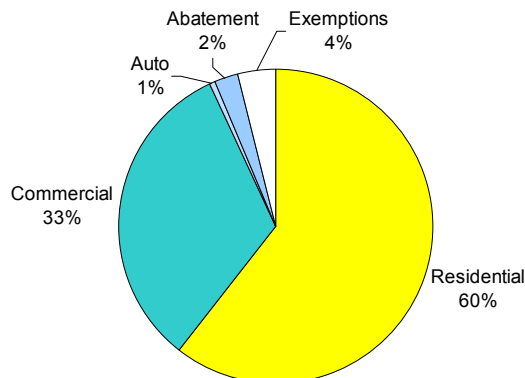
	<u>2003 Adj.</u> <u>Value</u>	<u>2004 Prelim.</u> <u>Value</u>	<u>% change</u>
Residential	3,905,730,797	4,083,328,882	4.55%
Commercial	2,109,320,767	2,219,959,763	5.25%
Auto	<u>31,620,475</u>	<u>37,163,950</u>	17.53%
Total AV	6,046,672,039	6,340,452,595	4.86%
Abatement	(143,264,329)	(124,177,054)	-13.32%
Exemptions	<u>(240,889,877)</u>	<u>(255,603,597)</u>	6.11%
Net Assessed Value	5,662,517,833	5,960,671,944	5.27%

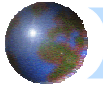
Total Value (excluding TIRZ)

Residential/	64.59% Res	64.40% Res
Commercial Split	34.88% Com	35.01% Com

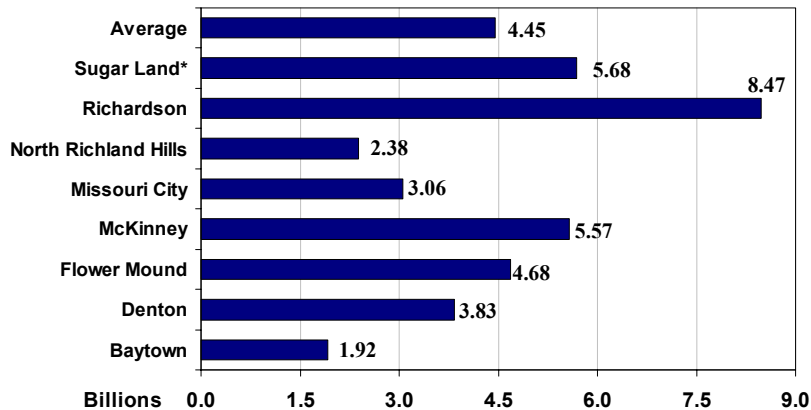


City of Sugar Land Tax Base Value Split

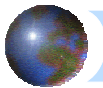




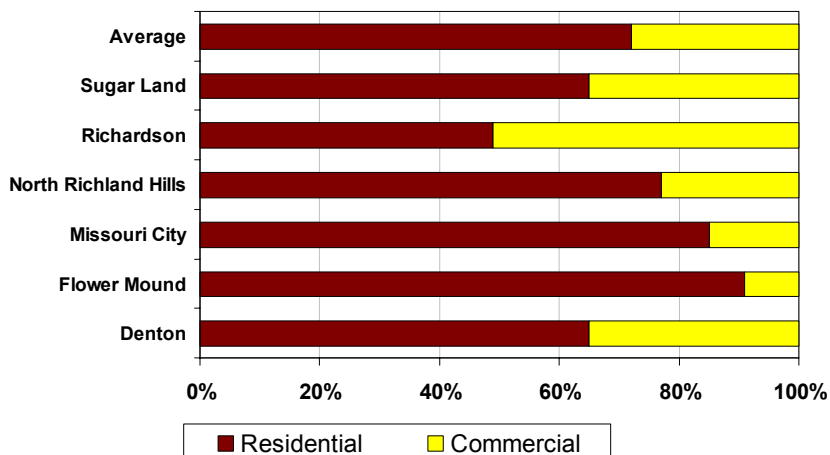
Budget Survey Comparison FY2004- Net Assessed Valuation

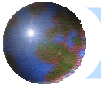


*Including \$19 million TIRZ Value



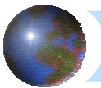
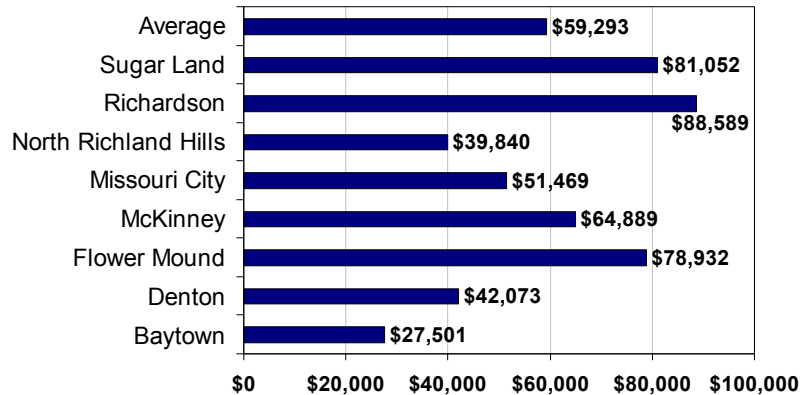
Budget Survey Comparison Net AV- Residential vs Commercial





Budget Survey

Net Assessed Value per Capita



Property Tax Base Value

Excluding TIRZ Value – Preliminary Roll

2003 Adjusted Net Assessed Value \$5.66 billion

2004 Preliminary Net Assessed Value \$5.96 billion

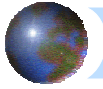
Increase in Value \$ 298 million

% Increase 5.27%

Net Commercial \$129 M 44%

Net Residential \$174 M 58%

Net Automobiles \$-5.8 M - 2%

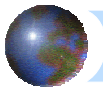


Valuation Increase (Preliminary Tax Roll)

	Auto	Residential	Commercial	Total
New Value	\$ (5.9)	\$ 42.7	\$ 39.8	\$ 76.6
Revaluation		131.6	89.9	221.5
TIRZ			62.7	62.7

● Avg. Revaluation % to 2003 assessed values

Residential	3.37%
Commercial	4.26%
Total	3.9%



Property Valuation

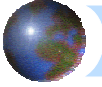
● Residential exemptions equal \$232.8 million

■ Increase over last year	1.4%
■ Percent of Total Assessed Value	3.63%
■ Revenue lost to Exemptions	\$ 758,672
• \$0.0126 on the tax rate	

● Commercial exemptions equal \$124.2 million

■ Decrease from last year	(13.3%)
■ Reduction due to roll-off or expiration on three abatement agreements	
■ Percent of Total Assessed Value	1.93%
■ Revenue lost to Abatements	\$ 404,643
• \$0.0067 on the tax rate	

Personal Leased Vehicle Exemption excluded

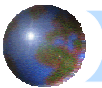


Property Tax Rate

● Current Rate		\$0.32840
● Proposed Rate		\$0.32568
■ Effective Rate	\$0.31619	
■ Effective Rate + 3%	\$0.32568	
■ Rollback Rate	\$0.32568	

● Tax rate allocation:

	Current	Recommended
General Fund	\$0.11588	\$0.13130
Debt Service	<u>\$0.21252</u>	<u>\$0.19438</u>
Total	\$0.32840	\$0.32568



Tax Levy

- \$794,085 increase in levy at recommended tax rate & allocation
 - \$ (453,828) to Debt Service Fund
 - \$ 1,247,913 to General Fund



Tax Bill Comparison Average Homeowner

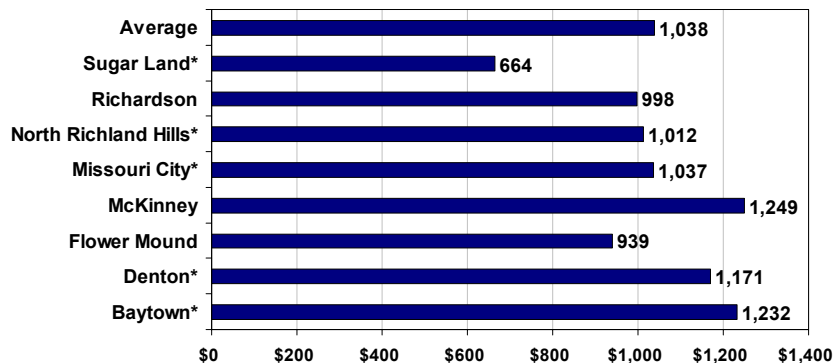
2003 Average Value	\$202,096
2004 Average Value	\$208,907

Tax Impact to Average Homeowner

2003 Tax Levy	\$647
2004 Tax Levy	\$664
Dollar Increase	\$ 17
% Increase	2.6%

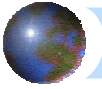


Budget Survey Average Residential Tax Bill



Based on Sugar Land Average Home Value of \$208,907

* Calculated using 2004 proposed Tax Rate



Over-Age Exemption

🕒 First Implemented

📅 1973 \$3,000

🕒 Increases:

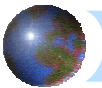
📅 1976 \$5,000

📅 1982 \$30,000

📅 1986 \$40,000

📅 2002 \$60,000

- Represents CPI increases since 1986



Financial Management Policy Statements

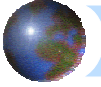
🕒 Adopted October 1, 2002

🕒 Section II-E:

📅 Over Age Exemptions

📅 City Manager to recommend an increase when financial and economic conditions allow

📅 Increase to be based on average residential revaluation increase, not to exceed \$100,000



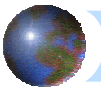
Recent Developments

🕒 2003

- ▣ Exemption increased 4.59% to \$62,754
- ▣ Adoption of ordinance increasing disabled persons exemption to same level and increase provisions- effective 2004 tax year

🕒 2004

- ▣ Proposed Increase 3.37% to \$64,870
- ▣ Applies to over-age and disabled persons



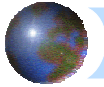
Over-age and Disabled Persons Exemptions

- 🕒 Based on 2004 preliminary tax roll
- 🕒 Households qualifying for exemptions:

▣ Over-65 2,232

▣ Disabled Persons 165

- Disabled Persons Exemption History
- 1990 \$10,000
- 2003 \$62,754
- 2004 \$64,870 proposed

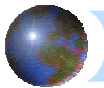


Over-Age and Disabled Persons Exemption

🌐 Over-Age and Disabled Persons Exemption

▣ Current	\$62,754
▣ Proposed	\$64,870
▣ Annual Impact to City	\$16,500
▣ Offset to Tax Bill	
• Based on Current Exemption	\$204
• Additional Due to Increase	\$ 7
• Total	\$211

🌐 First Reading of Ordinance August 3

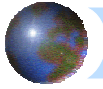


Tax Bill Comparison Over-65 and Disabled Persons

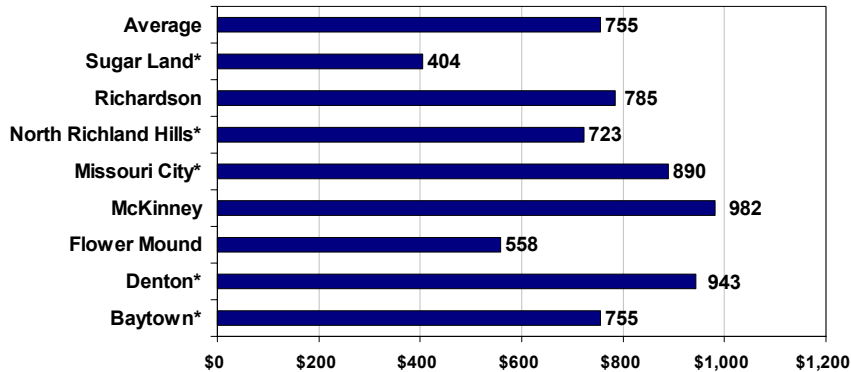
▣ 2003 Average Value	\$187,844
▣ 2004 Average Value	\$194,174

🌐 Tax Impact to Over-age or Disabled Homeowner

▣ 2003 Tax Levy	\$394
▣ 2004 Tax Levy	\$404
▣ Dollar Increase	\$ 10
▣ % Increase	2.6%

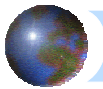


Budget Survey Average Over-65 Tax Bill

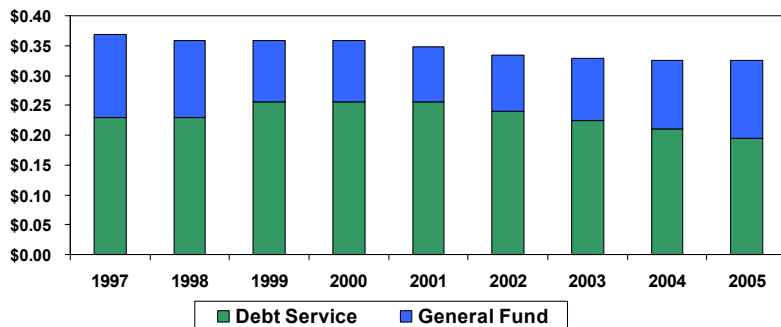


Based on Sugar Land Average Over-65 Home Value of \$194,174

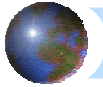
* Calculated using 2004 proposed Tax Rate



Historical Tax Rate Split FY1997 - FY2005

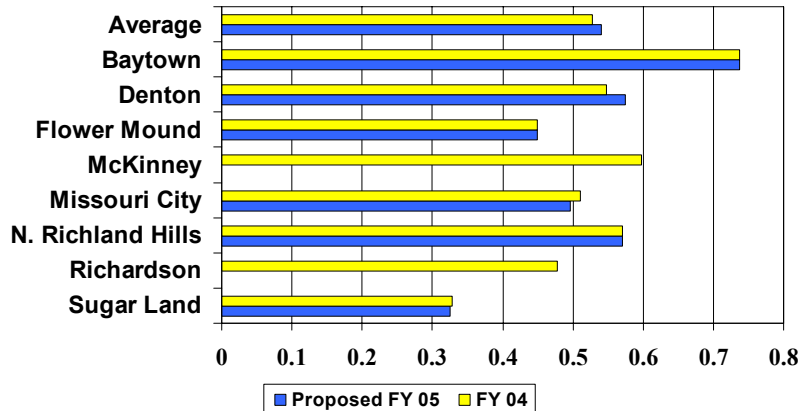


Tax Rate Split:	1997	%	2005	%
Operations	\$0.1383	38	\$0.1313	40
Debt Service	\$0.2300	62	\$0.19438	60

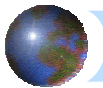


Tax Rate Comparison

Tax Year 2003 and 2004 (proposed)

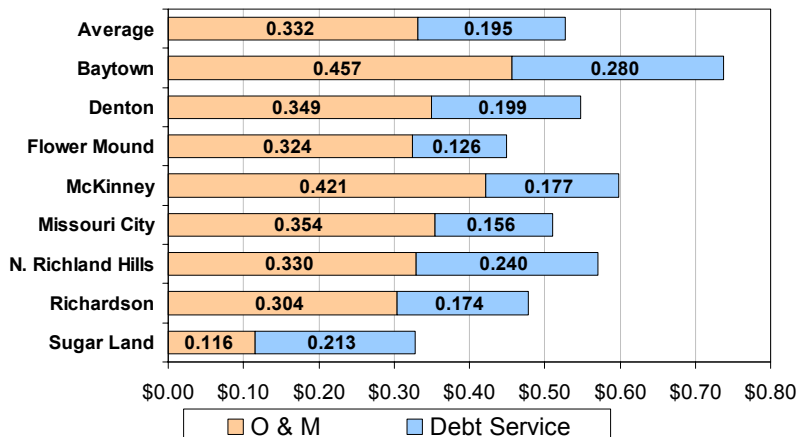


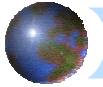
Proposed 2004 tax rates not available for Flower Mound, McKinney and Richardson



Property Tax Rate Comparison

Tax Year 2003





TIRZ Valuation

● 2003 Taxable Value \$19.0 million

● 2004 Taxable Value \$81.8 million

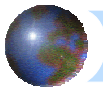
■ Increase

■ Value \$62.7 million

■ Percentage 430%

● Assigned Tax Levy

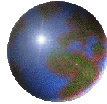
	FY2004	FY2005
■ City	\$61,099	\$264,186
■ County	\$97,443	\$424,817
■ LID #2	\$39,071	\$186,572



Tax Rate Adoption

Tax Calendar- Tentative

- Expect Certified Roll 1st or 2nd Week in August
- Will bring back updated Tax Information based on certified roll at first available workshop
- Update Debt Service and General Funds as needed
- Aug 18 Publish Effective Tax Rate Calculations
- Sept 7 Adopt Tax Rate



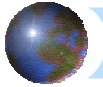
Debt Service Fund

Fiscal Year 2005 Budget



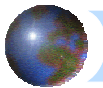
Fiscal Year 2004 Projections

<u>Revenues</u>	<u>Budget</u>	<u>Projections</u>	<u>Variance</u>	<u>%</u>
Property Tax	\$12,028,032	\$12,052,711	\$24,679	0.2%
Transfers In	4,348,338	4,348,338		
Interest	153,427	88,713	(64,714)	(42.2%)
Total	\$16,529,797	\$16,489,762	(\$40,035)	(0.25%)
<u>Expenditures</u>				
Debt Service	\$16,586,033	\$16,450,434	\$135,599	.82%
Fiscal Fees	30,000	26,000	4,000	13.33%
Rebates	572,960	599,841	(26,881)	(4.7%)
Transfers Out	125,065	116,632	8,433	6.7%
Total	\$17,314,058	\$17,192,907	\$121,151	.69%



Fiscal Year 2004 Projections

	<u>Budget</u>	<u>Projections</u>	<u>Variance</u>
Beg FB	\$7,325,562	\$7,325,562	
Change in FB	(784,261)	(703,145)	81,116
End FB	6,541,301	6,622,417	81,116
Over Policy	\$4,048,896	\$4,150,952	103,056



Debt Service Fund Assumptions

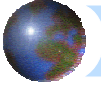
● Revenues

- Debt Service Tax Rate \$0.19438
 - Reallocate \$0.01542 of tax rate to General Fund
 - Reduce DS component of tax rate by \$0.00272
- Increase Utility Transfer to 60% of annexed water/wastewater requirements

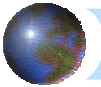
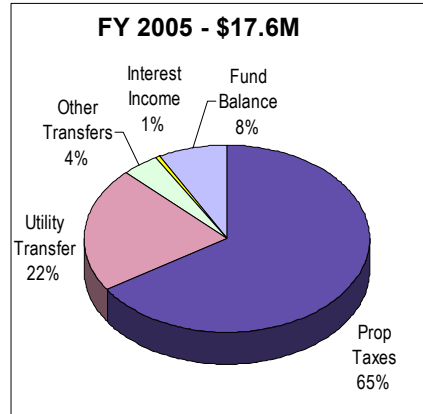
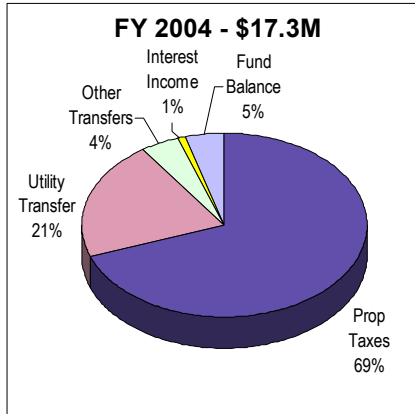
● Expenditures

- Annual Debt Requirements
 - Existing \$16.6 million
 - New Debt \$ 0.2 million

- Planned drawdown of fund balance \$1.4 million



Debt Service Funding Sources



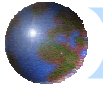
Debt Service – Current Debt

Current Debt Service Requirements to Maturity

Principal	\$116,983,988
Interest	<u>38,714,487</u>
Total Debt Service	\$155,698,475

Current Debt Service Requirements for FY2005

Principal	\$ 10,606,758
Interest	<u>6,003,854</u>
Total Debt Service	16,610,612



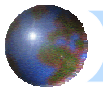
Annexed/Dissolved MUD Debt

Current Dissolved MUD Debt for FY2005

Water/Wastewater/Drainage	\$10,587,525
Water/Wastewater Only	6,390,212
Percent of City's 2005 Debt Service Requirements (\$16.6M)	38.4%

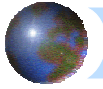
Water/Wastewater FY2005 Requirements

Utility Transfer	\$ 3,834,127
% of Debt Funded by Utility Revenues	60%
Equates to 6.4 cents on the tax rate	

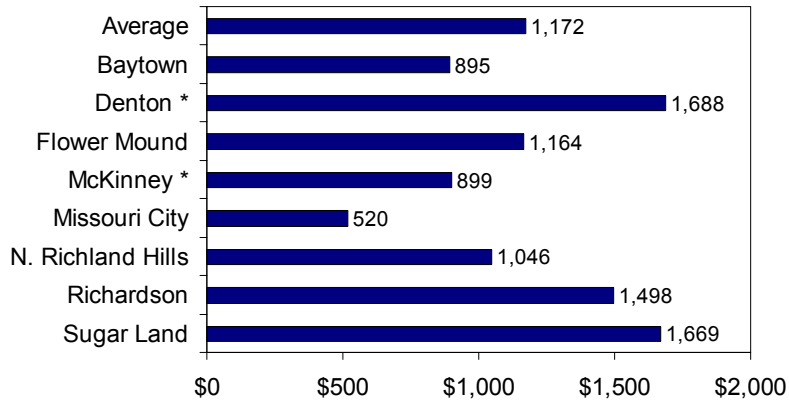


2005 Anticipated Debt Issuance

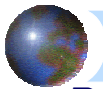
•GO Bonds	\$ 3.2 million
• Public Safety	\$ 30,000
• Streets	\$ 1.52 million
• Traffic	\$ 50,000
• Developer Reimbursement	\$ 1.5 million
•Certificates of Obligation	\$ 2.2 million
• Drainage	\$1.275 million
• Rehabilitation	\$890,000
•Remaining on GO Authorization	\$17.7 million



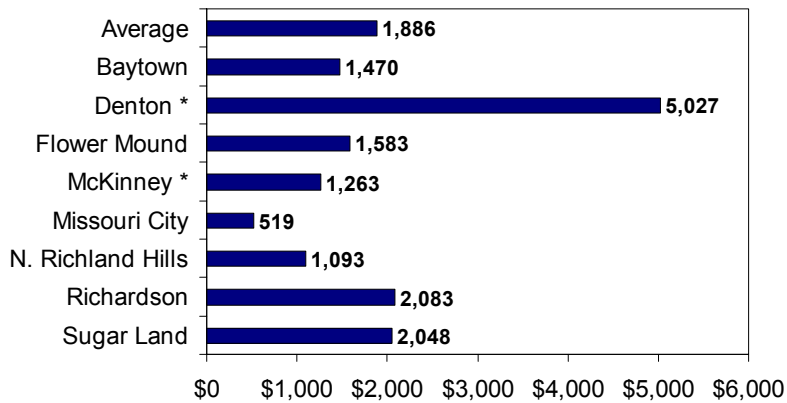
Budget Survey Tax-Backed Debt per Capita



* Based on 2004 TML Tax and Debt Survey

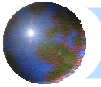


Budget Survey Total Debt per Capita at 9/30/04



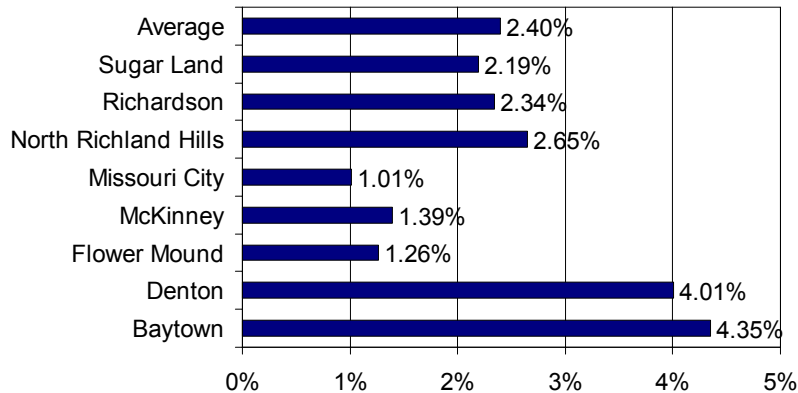
Based on 2004 TML Tax and Debt Survey

* Includes Electric Utility Debt

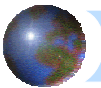


Budget Survey

Net Assessed Value vs Outstanding Debt



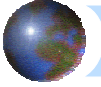
Outstanding Tax Backed Debt as a percent of Net Assessed Valuation



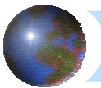
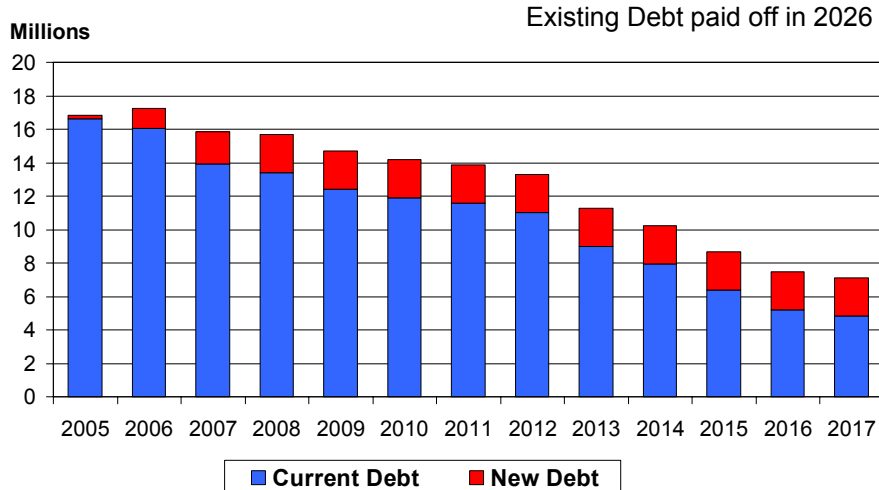
Fiscal Year 2005 Budget

<u>Revenues</u>	<u>Base Budget</u>
Property Tax*	\$11,594,074
Transfers In	4,564,803
Interest/Other	97,045
Total	\$16,255,923
<u>Expenditures</u>	
Debt Service	\$16,864,612
Rebates/Transfers	752,708
Total	\$17,617,320
End FB	\$5,261,019
Over Policy	\$2,731,328

Based on Preliminary Tax Roll and Recommended Tax Rate & Allocation



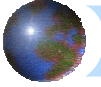
Debt Service Requirements



1999 Bond Referendum

🗳️ Approved by Voters- January 1999

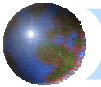
Streets and Drainage	\$ 19,875,000
Public Safety Facilities	7,700,000
Park Facilities	6,925,000
Total	<hr/> \$ 34,500,000



Streets and Drainage

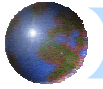
Proposed Bond Projects		Funded Year
Wood Street	715,000	2006 - 2007
Lakeview Drive	1,465,000	2005 - 2006
Covington West	985,000	Done
S. Belknap Paving & Drainage	375,000	2004 - 2005
Main Street	1,275,000	2006 - 2007
Ave. D	460,000	Done
Alston Rd. I & II	1,400,000	Done

Continued...



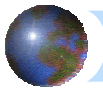
Streets and Drainage (continued)

Proposed Bond Projects		Funded Year
Commonwealth Blvd. Ext	3,000,000	Done
West Airport Extension	500,000	Done
Matlage Way Extension	600,000	Done
Future Rehab.and New Const.	2,100,000	2005-2008
Traffic Improvements	6,000,000	2006
Sugar Creek Watershed-East	1,000,000	2006 Design Only
Proposition 1	\$ 19,875,000	



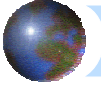
Public Safety Facilities

Proposed Bond Projects		Funded Year
Fire Station #5	\$ 1,800,000	Done
Police/Court Expansion	2,900,000	Done
Future Fire Station/Admin	3,000,000	2006
Proposition 2	\$ 7,700,000	



Park Facilities

Proposed Bond Projects		Funded Year
Brazos River Corridor	\$ 2,825,000	2006 (Construction)
Recreation Center	4,100,000	2007
Proposition 3	\$ 6,925,000	



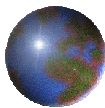
Status of Voter Authorized Debt

Initial Authorization	\$34,500,000
Issued to Date	<u>15,165,000</u>
Available Authorization	\$19,335,000

Future Issues:

⊕FY2005	1,600,000
⊕FY2006	10,300,000
①FY2007	5,900,000
●FY2008	1,535,000

Questions?



*Next Budget Meeting
Thursday, August 5, 2004
General Fund*

Fiscal Year 2005 Budget